

KEEGAN WERLIN LLP  
ATTORNEYS AT LAW  
265 FRANKLIN STREET  
BOSTON, MASSACHUSETTS 02110-3113  
\_\_\_\_\_  
(617) 951-1400

TELECOPIERS:  
(617) 951-1354  
(617) 951-0586

March 29, 2005

Mary L. Cottrell, Secretary  
Department of Telecommunications and Energy  
One South Station  
Boston, MA 02110

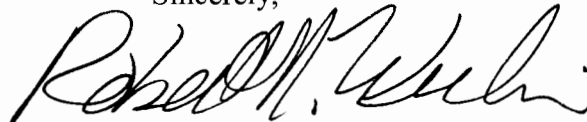
Re: D.T.E. 04-114, Cambridge Electric Light Company and Commonwealth  
Electric Company – 2004 Reconciliation Filing

Dear Secretary Cottrell:

Enclosed for filing in the above-referenced matter are the responses to the  
Information Requests set forth on the accompanying list.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert N. Werlin", written in a cursive style.

Robert N. Werlin

Enclosures

cc: Service List

## Responses to Information Requests

Information Request DTE-1-2

Information Request DTE-1-6

Information Request DTE-1-9

Information Request DTE-1-12

Information Request AG-1-6

Information Request AG-1-13

Information Request DTE-1-2

Refer to Exhibits CAM-CLV-1 (Supp) at 1, and COM-CLV-1 (Supp) at 1. For each exhibit, please explain the derivation of the transition charge located in column C for 2005 (.288 cents per kilowatthour for Cambridge, and 2.660 cents per kilowatthour for Commonwealth). In addition, provide complete and detailed documentation of the derivation of the transition charge, including underlying data in Microsoft Excel format with formulas in cells.

Response

The forecast for the average transition charge is generally computed by dividing the forecast total expenses to be recovered, including deferrals, over-recoveries and carrying charges from the previous year (Exhibits CAM/COM-CLV-1, Page 1, Column J) by the forecast GWh sales (Exhibits CAM/COM-CLV-1, Page 1, Column B). For the year 2005, this would have produced average rates of 1.587 cents per kWh for Cambridge and 2.877 cents per kWh for Commonwealth. However, for January and February 2005, the Companies' average rates were restricted by the statutory requirement to maintain a minimum inflation-adjusted 15 percent rate reduction for each rate class. Please refer to Exhibit CAM-HCL-2 and Exhibit COM-HCL-2, which show that the 0.288 cents per kilowatthour average rate for Cambridge and the 2.660 cents per kilowatthour average rate for Commonwealth were the maximum average transition charge rate allowed that would maintain the minimum inflation-adjusted 15 percent rate reduction for each rate class.

Information Request DTE-1-6

Please refer to Exhibits CAM/COM-CLV at 16-17 and COM-CLV-2 (Supp).

- (a) Provide complete and detailed documentation, including invoices, and an itemization of the DOE/SNF Litigation Expense items found in COM-CLV-2 (Supp) at 4.
- (b) Explain why these costs are allocated by load for the Companies.
- (c) Explain how each of these costs qualify as transition costs.
- (d) Cite to the location in the Company's restructuring plan where the ability to collect such items in the transition charge is allowed.
- (e) To the extent that any of these items appeared before the Department or FERC, provide the docket number.

Response

- (a) Please refer to Attachment DTE-1-6 [**BULK ATTACHMENT**] for copies of the invoices relating to the DOE/SNF Litigation Expense items found in Exhibit COM-CLV-2 (Supp) at 4. Because the detailed descriptions included in attorney invoices contain privileged attorney-client communications, the descriptions have been redacted in Attachment DTE-1-6.
- (b) The DOE/SNF Litigation Expense is not allocated by load for the Companies. Commonwealth is allocated 11 percent of these expenses, consistent with its obligations under the Pilgrim Station Sales Agreement (D.T.E. 98-119/126 (1999)).
- (c) The litigation expenses relating to a lawsuit with the United States Department of Energy ("DOE") are costs being incurred on behalf of customers to mitigate transition costs. The lawsuit alleges that because DOE has not completed a permanent Spent Nuclear Fuel facility, as was required by law, the price received by the owners of the Pilgrim Nuclear Generating Station was lower than it should have been. Pilgrim buyout costs were included in Commonwealth's transition charge because they are generation related, and any proceeds received by the lawsuit would go back to customers through the transition charge. The Department routinely requires that only "net" mitigation, i.e., total mitigation less

transaction costs, be returned to customers. See e.g., Cambridge Electric Light Company, D.T.E. 02-76, at 4 n.3, 11 (2003).

- (d) Commonwealth's Restructuring Plan permits the recovery of transition costs, including "above-market payments to power suppliers (including economic contract buyouts)" (Restructuring Plan at 20). In addition, Commonwealth is under an ongoing obligation under the Restructuring Plan and the Restructuring Act, to mitigate its transition costs (Restructuring Plan at 21-27; G.L. c. 164, §§ 1A, 1G). Because these costs relate to Commonwealth's mitigation obligations associated with the Pilgrim Station Sale Agreement (economic contract buyout), they are recoverable as a transition cost.
- (e) Commonwealth's obligation, relating to on-going Pilgrim Station costs, is covered under the Pilgrim Station Sale Agreement, which was approved by the Department in D.T.E. 98-119/126. The DOE/SNF Litigation Expense was included in Boston Edison Company's 2003 Annual Reconciliation Filing Settlement Agreement approved by the Department in D.T.E. 03-117. Commonwealth also included these costs in its Supplemental 2003 Annual Reconciliation Filing (D.T.E. 03-118).

Information Request DTE-1-9

Please refer to Exhibit CAM-CLV-4 (Supp) at 2. Provide a table with the following information regarding each contract: (1) list of contracts on the exhibit, as well as any contracts of which the company had ownership beyond those listed; (2) plant's location; (3) plant's in-service date; (4) plant's energy source; (5) size of unit; (6) Company ownership share; (7) Company entitlement; (8) renegotiated or bought-out; (9) counter-party; (10) net proceeds to the Company; (11) savings to ratepayers; and (12) closing or termination date.

Response

Please refer to Attachment DTE-1-9 for a table supplying the requested information regarding each contract shown in Exhibit CAM-CLV-4 (Supp) at 2.

D.T.E. 04-114  
Attachment DTE-1-9

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Contract	Location	Contract Start Date	Energy Source	Size - Unit Capacity (Winter)	Company Entitlement Share	Company Entitlement (Winter)	Renegotiated or bought-out	Counter-party	Net Proceeds to the Company	Savings to Ratepayers	Closing or Termination
Vermont Yankee	Vernon, VT	11/30/1972	Nuclear	529.1 MW	2.5%	13.2 MW	Yes - D.T.E. 01-94	Vermont Yankee	---	---	3/31/2012
Altresco - Pittsfield	Pittsfield, MA	9/1/1993	Gas	173.0 MW	17.2%	29.8 MW	Yes - D.T.E. 04-60	Pittsfield Generating Co. L.P.	---	\$3.9M	12/31/2008

Information Request DTE-1-12

Refer to Exhibits CAM-HCL-2, CAM-HCL-6 (Replacement), and CAM-CLV-1 (Supp) at 1, and COM-HCL-2, COM-HCL-6, and COM-CLV-1 (Supp) at 1. Please explain the difference between Cambridge's and Commonwealth's 2005 KWH forecasts used by each of the witnesses, including why different forecasts were used in different analyses.

Response

The kWh figures used in CAM-HCL-6 (replacement) and in Exhibit COM-HCL-6 reflect forecasts available at the time the exhibits were developed. The development of those exhibits is linked with other rate-design exhibits that require a significant amount of time to update. The updated kWh forecasts used in the reconciliation exhibits presented by Ms. Vaughan were not available until after the rate-design models were finalized. The impact on the proposed design of rates was immaterial if the rate-design models were updated for the new forecasts. Given the time needed for the Department to review the new rates for effect on January 1, 2005, the Companies did not delay the filing to make the small rate-design adjustments.



Information Request AG-1-6

Referring to Exhibit CAM-CLV-1 (Supp), p. 5, Col. C, please provide the supporting documents, including all workpapers, calculations, formulas and assumptions, for the Mitigation Incentive Adjustment shown in that column.

Response

**[CONFIDENTIAL ATTACHMENT]**

Please refer to Attachment AG-1-6 (**CONFIDENTIAL**) for workpapers supporting the Mitigation Incentive Adjustment shown in Exhibit CAM-CLV-1 (Supp), page 5, column C.

Attachment AG-1-6 (**CONFIDENTIAL**) contains financial and price-forecast data that are proprietary and confidential. A Motion for Protective Treatment with respect to these data has been filed with the 2004 Reconciliation Filing. Accordingly, NSTAR Electric requests that the Department protect the documents from public disclosure, pursuant to the terms of the Motion for Protective Treatment. A copy of Attachment AG-1-6 (**CONFIDENTIAL**) is being filed, under seal with the Hearing Officer and being provided to the Attorney General, with whom the Companies have entered into a non-disclosure agreement.

Information Request AG-1-13

Referring to Exhibit COM-CLV-1 (Supp), p. 5, Col. C, please provide the supporting documents, including all workpapers, calculations, formulas and assumptions, for the Mitigation Incentive Adjustment shown in that column.

Response

**[CONFIDENTIAL ATTACHMENT]**

Please refer to Attachment AG-1-13 (**CONFIDENTIAL**) for workpapers supporting the Mitigation Incentive Adjustment shown in Exhibit COM-CLV-1 (Supp), page 5, column C, year 2004.

Attachment AG-1-13 (**CONFIDENTIAL**) contains financial and price-forecast data that are proprietary and confidential. A Motion for Protective Treatment with respect to these data has been filed with the 2004 Reconciliation Filing. Accordingly, NSTAR Electric requests that the Department protect the documents from public disclosure, pursuant to the terms of the Motion for Protective Treatment. A copy of Attachment AG-1-13 (**CONFIDENTIAL**) is being filed, under seal with the Hearing Officer and being provided to the Attorney General, with whom the Companies have entered into a non-disclosure agreement.